

The President's Weekly Address

April 24, 2010

It was little more than 1 year ago that our country faced a potentially devastating crisis in our auto industry. Over the course of 2008, the industry shed 400,000 jobs. In the midst of a financial crisis and deep recession, both General Motors and Chrysler, two companies that for generations were a symbol of America's manufacturing might, were on the brink of collapse. The rapid dissolution of these companies, followed by the certain failure of many auto parts makers and car dealers and other smaller businesses, would have dealt a crippling blow to our already suffering economy. The best estimates are that more than 1 million American workers could have lost their jobs.

The previous administration extended temporary loans to both companies. Even so, when I took office, the situation remained dire. We had to determine whether or not we could justify additional taxpayer assistance. After all, many of the problems in the auto industry were a direct result of poor management decisions over decades. So it wasn't an easy call. But we decided that while providing additional assistance was a risk, the far greater risk to families and communities across our country was to do nothing. We agreed to additional help, but only if the companies and their stakeholders were willing to break with the past. They had to fundamentally reorganize, with new management that would reexamine the decisions that led to this mess and chart a path toward viability. I knew this wasn't a popular decision. But it was the right one.

So GM and Chrysler went through painful restructurings, ones that required enormous sacrifices on the part of all involved. Many believed this was a fool's errand. Many feared we would be throwing good money after bad, that taxpayers would lose most of their investment, and that these companies would soon fail regardless. But 1 year later, the outlook is very different. In fact, the industry is recovering at a pace few thought possible.

Just this week we received some encouraging news. Since General Motors emerged from bankruptcy, the auto industry has actually added 45,000 jobs, the strongest growth in a decade. And Chrysler announced an operating profit in the first 3 months of this year. This is the first time Chrysler has reported a profit since the beginning of the economic crisis. What's more, GM announced that it paid back its loans to taxpayers with interest, fully 5 years ahead of schedule. It won't be too long before the stock the Treasury is holding in GM can be sold, helping to reimburse the American people for their investment.

In addition, Chrysler Financial has already fully repaid with interest the loans it received to support auto financing. And we're closing the books on the temporary program that helped parts suppliers weather this storm, returning this investment to the Treasury in full, with interest as well. Finally, we're bringing to an end many of the emergency programs designed to stabilize the financial sector and restart lending so folks could finance cars and trucks, as well as homes and small businesses.

On Friday, in fact, the Treasury Department informed Congress that this financial rescue, which was absolutely necessary to prevent an even worse economic disaster, will end up costing taxpayers a fraction of what was originally feared. This is a direct result of the careful management of the investments made by the American people so that we could recoup as many tax dollars as possible and as quickly as possible.

These steps, as well as others we've taken, have meant that millions of people are working today who might otherwise have lost their jobs. But these steps were never meant to be permanent. As I've said many times, I did not run for President to get into the auto business or the banking business. As essential as it was that we got in, I'm glad to see that we're getting out.

At the same time, even as we've come a long way, we still have a ways to go. The auto industry is more stable today. And the economy is on a better footing. But people are still hurting. I hear from them just about every day in letters I read and in the towns and cities that I visit. No matter what the economic statistics say, I won't be satisfied until folks who need work can find good jobs. After a recession that stole 8 million jobs, this is going to take some time. And this will require that we continue to tackle the underlying problems that caused this turmoil in the first place. In short, it's essential that we learn the lessons of this crisis, or we risk repeating it.

Now, part of what led to the crisis in our auto industry and one of the main causes of the economic downturn were problems in our financial sector. In the absence of commonsense rules, Wall Street firms took enormous, irresponsible risks that imperiled our financial system and hurt just about every sector of our economy. Some people simply forgot that behind every dollar traded or leveraged, there is a family looking to buy a house, pay for an education, open a business, or save for retirement.

That's why I went to New York City this week and addressed an audience that included leaders in the financial industry. And once again I called for reforms to hold Wall Street accountable and to protect consumers. These reforms would put an end once and for all to taxpayer bailouts. They would bring greater transparency to complex financial dealings. And they will empower ordinary consumers and shareholders in our financial system. Folks will get clearer and more concise information when they make financial decisions, instead of having to worry about deceptive fine print. And shareholders and pension holders will have a stronger voice in the boardrooms of companies in which they invest their savings.

That's how we'll restore trust and confidence in our markets. That's how we'll help to put an end to the cycle of boom and bust that we've seen. And that's how, after two very difficult years, we will not only revive the economy but help to rebuild it stronger than ever before.

Thanks.

NOTE: The address was recorded at approximately 10:50 a.m. on April 23 in the Map Room at the White House for broadcast on April 24. The transcript was made available by the Office of the Press Secretary on April 23 but was embargoed for release until 6 a.m. on April 24. The Office of the Press Secretary also released a Spanish language transcript of this address.

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